



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



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February 10, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER ONE WITH
LINEBARGER GOGGAN BLAIR & SAMPSON, LLP, CONTRACT NUMBER 75490,
TO PROVIDE TERTIARY COLLECTION SERVICES
(ALL DISTRICTS)(4 VOTES)**

SUBJECT

The County of Los Angeles (County) Treasurer and Tax Collector (TTC) is requesting an Amendment to the existing delinquent account collection services contract with Linebarger Goggan Blair & Sampson, LLP (Linebarger) to provide "tertiary" collection services to the TTC on behalf of County departments at a commission rate of forty percent (40%) of actual Gross Collections.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No. 1 (Attachment 1) with Linebarger to provide tertiary collection services to the TTC on a commission rate basis as set forth in Exhibit B1, Tertiary Collection Commission Rate (Attachment 2) for the remainder of the Contract term through December 19, 2010;
2. Delegate authority to the TTC to execute future assignment and delegation amendments, if applicable, if/when the original contracting entity has merged, been purchased, or has otherwise changed in order to ensure continuity of delinquent account collection services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Linebarger provides delinquent account collection services to supplement TTC's collection efforts on a variety of accounts referred from other County departments. This

collection activity constitutes a "secondary" collection effort, as the collection activities of the referring department constitute the "primary" collection effort. TTC's contracted commission rate for the secondary collection services provided by Linebarger is twenty five percent (25%) of actual Gross Collections.

In accordance with County Code provisions, the TTC and the Director of the Department of Health Services (DHS) have delegated authority to provide for collection services. In the case of a DHS account, DHS provides primary collection efforts, and if those collection efforts are unsuccessful, DHS refers the account to an outside collection agency with which it contracts. If the outside collection agency is unsuccessful in collecting, DHS refers the account to the TTC for official write-off.

It is in the County's best interest to initiate tertiary collection efforts rather than write off the outstanding receivables. Therefore, in order to maximize County revenues prior to write off, the TTC wishes to refer the DHS accounts to Linebarger for a third attempt to collect, i.e., the tertiary collection effort; these accounts having undergone the "secondary" collection effort by DHS's outside collection agency. Because these accounts have undergone previous collection efforts and that the age of the delinquent receivables will likely be greater than one hundred and eighty (180) days, Linebarger has informed TTC that it would require a forty percent (40%) commission rate on these "tertiary" referrals. Under these circumstances, a forty percent (40%) commission rate to the contractor is not unreasonable.

Implementation of Strategic Plan Goals

Board approval of this Amendment for tertiary collection services is consistent with the County's Strategic Plan Goal of Organizational Effectiveness and Fiscal Responsibility.

FISCAL IMPACT/FINANCING

The tertiary collection program will have a commission rate of forty percent (40%) of actual gross collections. There will be no cost to the County since delinquent account collection services are commissioned based upon actual Gross Collections.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California Government Code Section 26220 allows the County, by a four-fifths (4/5) vote of its Board of Supervisors, to enter into a contract with a collection agency for the collection of delinquent accounts. Delinquent account collection services have been contracted out since 1979 to supplement in-house collection efforts of TTC.

The TTC's contract with Linebarger, Contract No. 75490, was adopted by your Board on December 20, 2005, for a term of three (3) years with two (2) one-year and six (6) month-to-month extensions, for a maximum term of five (5) years and six (6) months. The Amendment will become effective upon your Board's approval.

The Contract expressly provides that the County has no obligation to pay for expenditures by Linebarger that exceed the maximum Contract Commission Rates.

Linebarger will not be asked to perform services that exceed the Contract Commission Rates, Statement of Work, or Contract dates. Additionally, the Contract contains performance standards, including liquidated damages for substandard and/or non-performance.

The attached Amendment with Linebarger has been reviewed and approved as to form by County Counsel.

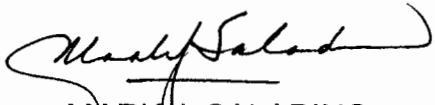
IMPACT ON CURRENT SERVICES

There is no negative impact on current services. Approval of Amendment No. 1 will ensure continued and enhanced delinquent account collection services to the County.

CONCLUSION

Instruct the Executive Officer/Clerk of the Board to return two (2) signed originals of the Amendment No.1 to Contract No. 75490 and one (1) adopted stamped Board letter to TTC.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:DD:evt

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Attachments

c: Chief Executive Office
County Counsel
Executive Officer, Board of Supervisors